



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2017 Biennium

<b>Bill #</b>	SB0147	<b>Title:</b>	Provide income tax credit for volunteer fire fighters and emergency personnel
<b>Primary Sponsor:</b>	Howard, David	<b>Status:</b>	As Introduced

- |   |  |  |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact     | <input type="checkbox"/> Needs to be included in HB 2  | <input type="checkbox"/> Technical Concerns              |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

### FISCAL SUMMARY

	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>	<u>FY 2018 Difference</u>	<u>FY 2019 Difference</u>
<b>Expenditures:</b>				
General Fund	\$0	\$0	\$0	\$0
<b>Revenue:</b>				
General Fund	(\$2,107,500)	(\$2,107,500)	(\$2,107,500)	(\$2,107,500)
<b>Net Impact-General Fund Balance:</b>	<u>(\$2,107,500)</u>	<u>(\$2,107,500)</u>	<u>(\$2,107,500)</u>	<u>(\$2,107,500)</u>

**Description of fiscal impact:** This legislation creates a \$500 refundable income tax credit for qualified volunteer firefighters and volunteer emergency medical technicians.

### FISCAL ANALYSIS

#### Assumptions:

##### Department of Revenue

1. This bill creates a \$500 income tax credit for volunteer firefighters and volunteer emergency medical technicians (EMTs). Firefighters are required to have completed a minimum of 30 hours of training and EMTs are required to have completed the number of training hours prescribed by the Montana state board of medical examiners.
2. The credit is refundable, which means if the taxpayer's tax liability is less than the credit, the taxpayer is refunded the difference.
3. A taxpayer may not claim a credit as both a firefighter and an emergency medical technician.
4. According to EMS & Trauma Service at the Department of Public Health and Human Services, there are approximately 4,600 licensed EMTs in Montana, of which about 2,400 are volunteers. Information from the

Montana Public Employees Retirement Administration indicates there were about 1,935 volunteer firefighters who met the proposed criteria at the end of FY 2014.

5. For purposes of this fiscal note, it is assumed that 5% of the volunteer EMTs are also volunteer firefighters.
6. In total, an estimated 4,215 taxpayers could claim the credit if it is available (95% of 2,400 is 2,280, plus 1,935 equals 4,215). It is assumed that all who qualified would claim the credit, so the total credits claimed would be \$2,107,500. These credits are refundable and would be available for eligible taxpayers to use to reduce their tax liability or obtain refunds for TY 2015. General fund revenue will be reduced in FY 2016 when the 2015 tax returns are filed.
7. It is assumed that these volunteers are concentrated in rural areas and small communities, while larger communities are more likely to be served by paid staff. Rural areas of the state have historically had stable or declining populations. Therefore the numbers of credits claimed is not assumed to grow over the time period covered by the fiscal note.
8. Changes to tax forms required will be made as part of the annual update process with no additional costs to the department.
9. This bill is effective upon passage and approval and will apply to tax years beginning after December 31, 2014.

<b><u>Fiscal Impact:</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>	<b><u>FY 2018</u></b>	<b><u>FY 2019</u></b>
<b><u>Department of Revenue</u></b>	<b><u>Difference</u></b>	<b><u>Difference</u></b>	<b><u>Difference</u></b>	<b><u>Difference</u></b>
<b><u>Expenditures:</u></b>				
<b>TOTAL Expenditures</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>TOTAL Funding of Exp.</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b><u>Revenues:</u></b>				
General Fund (01)	<u>(\$2,107,500)</u>	<u>(\$2,107,500)</u>	<u>(\$2,107,500)</u>	<u>(\$2,107,500)</u>
<b>TOTAL Revenues</b>	<u>(\$2,107,500)</u>	<u>(\$2,107,500)</u>	<u>(\$2,107,500)</u>	<u>(\$2,107,500)</u>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	<u>(\$2,107,500)</u>	<u>(\$2,107,500)</u>	<u>(\$2,107,500)</u>	<u>(\$2,107,500)</u>

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*Sponsor's Initials*


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*Date*


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*Budget Director's Initials*


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*Date*